

OVERSIGHT BOARD  
SUCCESSOR AGENCY  
TO THE WEST HOLLYWOOD  
COMMUNITY DEVELOPMENT COMMISSION

JULY 11, 2013

SUBJECT: RECEIVE AN UPDATE ON THE PREPARATION OF THE  
SUCCESSOR AGENCY'S LONG RANGE PROPERTY  
MANAGEMENT PLAN

INITIATED BY: SUCCESSOR AGENCY  
(David Wilson, Director of Finance and Technology Services) *D.W.*  
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STATEMENT ON THE SUBJECT:

The Oversight Board will receive an update on the preparation of the Successor Agency's Long Range Property Management Plan. The Oversight Board will discuss the Long Range Property Management Plan and provide direction to staff, as necessary.

RECOMMENDATION:

- 1) Receive an update from staff on the preparation of the Successor Agency's Long Range Property Management Plan.
- 2) Discuss the Long Range Property Management Plan and provide staff direction, as necessary.

BACKGROUND ANALYSIS:

On February 1, 2012, pursuant to Assembly Bill x1 26 ("AB x1 26") all redevelopment agencies across the State were dissolved and successor agencies were established to wind-down their operations and obligations. AB x1 26 required successor agencies, and their oversight boards, to dispose of former redevelopment agency properties as quickly as possible. On June 27, 2012, a clean-up bill to AB x1 26 was enacted by the State Legislature ("AB 1484"). AB 1484 created several new deadlines and procedures which must be followed by successor agencies. One of these new procedures is that successor agencies must prepare and submit a Long-Range Property Management Plan ("LRPMP") for approval to their oversight board and the State Department of Finance ("DOF"), that addresses the disposition and use of the real property of the former redevelopment agency. The LRPMP process was created in recognition that the rushed disposition of properties could be detrimental to communities and not result in the highest financial returns for taxing entities. Pursuant to Health and Safety Code ("H&SC") Section 34191.5, the LRPMP must be submitted for

approval to a successor agency's oversight board and DOF within six months of receiving a Finding of Completion from DOF. The Successor Agency to the West Hollywood Community Development Commission ("Successor Agency") received their Finding of Completion from DOF on April 26, 2013. With this in mind, the Successor Agency's LRPMP must be submitted to the Oversight Board to the Successor Agency ("Oversight Board") for approval no later than October 26, 2013.

### ***Long Range Property Management Plan Requirements***

As detailed in the dissolution legislation, the LRPMP shall do all of the following:

1. Include an inventory of all of the former redevelopment agency's real properties. The inventory shall consist of all of the following information:
  - The date of acquisition of the property and the value of the property at that time, as well as an estimate of the current value of the property.
  - The purpose for which the property was acquired.
  - Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.
  - An estimate of the current value of the parcel including, if available, any appraisal information.
  - An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.
  - The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.
  - A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.
  - A brief history of previous development proposals and activity, including the rental or lease of property.
2. Address the use or disposition of all of the former redevelopment agency's properties. Permissible uses include 1) the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

The LRPMP must separately identify and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:



- If the LRPMP directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.
- If the LRPMP directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in the bullet directly above, the proceeds from the sale shall be distributed as property tax to the taxing entities.
- Property shall not be transferred to a successor agency, city, county, or city and county, unless the LRPMP has been approved by the oversight board and DOF.

H&SC Section 34180(f) outlines the requirements for disposition if the City wishes to retain any of the real property assets of the former West Hollywood Community Development Commission ("West Hollywood CDC"):

- (1) If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.*
- (2) If no other agreement is reached on valuation of the retained assets, the value will be the fair market value as of the 2011 property tax lien date as determined by an independent appraiser approved by the Oversight Board.*

The Successor Agency is in the beginning stages of drafting a LRPMP which address all of the preceding requirements.

#### ***Property of the Former West Hollywood CDC***

At the time of dissolution the former West Hollywood CDC had one real property asset. Information regarding that property is listed below:

<b>Real Property of the Former West Hollywood CDC</b>	
Address:	7718 Santa Monica Blvd
Parcel Number:	5530-016-900
Size:	10,000 Sq. Ft.
Zoning:	CC1 – Commercial, Community 1
Current Use:	City Operated Public Parking Lot (28-spaces)
Purchase Date:	March 17, 2003
Purchase Price:	\$1,300,000
Current Appraised Value:	\$2,470,000

As shown in the preceding table, the only property owned by the former West Hollywood CDC, at the time of dissolution, was a 28-space public parking lot located on Santa Monica Boulevard in the East Side Project Area. The property was originally purchased by the West Hollywood CDC in 2003 to be used as a public parking lot, and has been operated as one since then. The property is the only City operated public parking lot, which is also owned by the City or former West Hollywood CDC, on the east side of the City. The lot is used as both a self-service public parking lot, as well as a valet parking lot in the evening.

The City receives two types of revenue from the parking lot: 1) Parking revenue – generated from self-service patrons and valet rental fees; 2) Billboard revenue – lease revenue generated from a billboard located on the property. The parking revenue is used to off-set the costs of maintaining the lot. The billboard revenue is deposited into the City's parking improvement fund, which is used for parking capital improvements throughout the City.

In June 2013, the Successor Agency hired Syn-Mar Associates to perform an appraisal of the property. Syn-Mar Associates is a professional real estate appraisal firm that has performed appraisals for a wide variety of property types in the southern California since 1995. The appraisal addressed the fee simple value of the underlying land for the property, because if the land were sold to a third party it would likely be redeveloped as a mixed-use, retail, or residential project. Additionally, the current billboard improvements are only permissible as long as the property remains a public asset; a zoning waiver was granted that allowed the billboard to be constructed only if the lot remained a public use. The appraisal determined the "as vacant" market value of the property at \$2,470,000, based on comparable sales in the area.

The dissolution legislation allows cities and counties to retain property for governmental use; however, parking lots are not included in the governmental uses listed. Despite the fact that parking lots are not listed as a governmental use, and thus cannot be transferred to the City at no cost, the City still desires to retain the property and is interested in purchasing it from the Successor Agency for the market value determined in the appraisal. The City would continue to utilize the property as a public parking lot. The City wishes to retain the current use of the property, due to the lack of adequate parking on the east side of the City. As indicated previously, the parking lot is utilized as both a self-service public lot and as a valet parking lot in the evenings. Many of the businesses in the general vicinity of the parking lot do not have off-street parking and their patrons frequently utilize the lot.

The Successor Agency anticipates returning to the Oversight Board with a completed LRPMP in September of this year.

FISCAL IMPACT:

None – no formal action to be taken.